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## ENROLLED BILL ANALYSIS

**BILL NUMBER:** SB 1106 (as introduced)

**TOPIC:** Michigan Employment Security Act, Section 46

**SPONSOR:** Senator Bruce Caswell

**CO-SPONSORS:** Senators, Nofs and Green

**COMMITTEE:** Committee on Reforms, Restructuring, and Reinventing  
House Commerce

**DATE INTRODUCED:** May 1, 2012

**DATE ENROLLED:** June 14, 2012

**DATE OF ANALYSIS:** June 21, 2012

**ADMINISTRATION POSITION:** Support

### PROBLEM/BACKGROUND

Family owned businesses (most often small businesses) pay into the system in the same manner as all other liable Michigan employers, yet they are not entitled to the same benefits if it becomes necessary to lay off family members or self.

Prior to SB 1106, a claimant was only entitled to a maximum of seven weeks of unemployment benefits rather than 20 weeks if their employment terminated from a business in which more than 50% is owned by the individual or his or her son, daughter, or spouse.

Additionally, an individual was not entitled to establish a benefit year based in whole or in part on wages earned as an employee of an establishment in which more than 50% of the proprietary interests is owned by the individual or his or her son, daughter, spouse, any combination of those individuals, or his or her parent(s), or a child under the age of 18.

### DESCRIPTION OF BILL

SB 1106 amends Section 46 of the MES Act by striking the provisions that limits unemployment insurance benefits for individuals who work for family-owned businesses. This legislation will entitle claimants to the maximum of 20 weeks of unemployment benefits. The language

restricting the use of wages earned from a family owned business to establish a benefit year is stricken as well.

## **SUMMARY OF ARGUMENTS**

**Pro** UI benefit parity for claimants of family-owned businesses.

**Con** Family owned businesses that have a negative reserve balance or go bankrupt will cause the replacement of benefits paid to be socialized cross all Michigan contributing employers.

## **FISCAL/ECONOMIC IMPACT**

**Are there revenue or budgetary implications in the bill to the –**

(a) **Department**  
**Budgetary:** None

**Revenue:**

**Comments:**

(b) **State**  
**Budgetary:** None

**Revenue:** Indeterminate, but given the number of family employers subject to this change any impact, positive or negative, is anticipated to be proportionately slight.

**Comments:** Expands the number of individuals that may qualify for maximum of 20 weeks of benefits.

(c) **Local Government:** None

**Comments:**

## **OTHER STATE DEPARTMENTS**

None

## **ANY OTHER PERTINENT INFORMATION**

UIA will no longer have to have special handling for family employment claims for benefits.

## **ADMINISTRATIVE RULES IMPACT**

None